

0032



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

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IN REPLY REFER TO:

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UTU-78953

(UT-923)

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SEP 17 2007 SEP 13 2007

DIV. OF OIL, GAS & MINING

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Mr. David Hibbs  
Manager of Engineering  
Genwal Resources, Inc.  
P. O. Box 1077  
Price, Utah 84501

*Incoming*  
*4/15/0032*

Re: Minor Modification to the Resource Recovery and Protection Plan (R2P2),  
Postpone Mining Until Approximately 2010, South Crandall Mine

Dear Mr. Hibbs:

**Background:** On February 13, 2007, the Bureau of Land Management (BLM) received from Genwal Resources a request to modify the subject R2P2 of Federal coal lease UTU-78953. The modification updates the extraction timing for Federal coal recovery at the South Crandall Mine.

**Affected Leases:** The following Federal coal lease is affected by this action: U-78953.

**Proposal:** Genwal has submitted a completed R2P2 modification template and an updated mining plan map for the South Crandall Mine, which is located on one Federal coal lease and some adjacent private coal lands. The proposed change to the approved R2P2 is the postponement of mining on this lease. Longwall mining operations are projected to resume in prior to the end of 2010 and will follow the plan for extraction of the Hiawatha Seam as portrayed in the updated map. Genwal's justification for the changed timing is the withdrawal of the longwall machinery to a sister mine for better utilization of its mining height. This original longwall machinery at the South Crandall Mine could not mine without trimming roof or floor rock, and could not keep within coal quality specifications.

**Approval:** The BLM approves the changes to the R2P2 for the South Crandall Mine only but not for the off-lease mining area on the east side of the lease labeled as "Probe Around." The existing machinery was not mining a clean coal product and the removal of the longwall in the first panel was authorized on August 15, 2006. Changing the R2P2 to start mining in prior to the end of 2010 will not affect the recovery of the coal on this lease, provided the South Crandall Mine is maintained and ventilated. This postponement of mining will allow Genwal time to re-evaluate their mining equipment needs and availability. A copy of the approved mine map is included as Enclosure 1, Approved Mine Timing Map.

**Explanation & Conditions of Approval:** Approval of the revised timing is contingent on ventilating and maintaining full access into the South Crandall Mine workings for a scheduled resumption of mining on or before the end of 2010.

The previous R2P2 correspondence from the BLM (dated October 6, 2006) included the requirements that Genwal submit an evaluation of continuous miner extraction for both the Blind Canyon and Hiawatha Seams, a plan for the exploration of the Blind Canyon Seam by upward drilling, and the results of that underground drilling. Since the October 6, 2006 letter, the BLM verbally removed for that time the requirement for the preparation of continuous miner evaluations for both seams, and approved the return to a longwall mining layout for the Hiawatha Seam only. The new map, dated May 3, 2007, displays the longwall mining method and the discussed timing updates approved by this letter based on a resumption of mining at the start of 2010.

The requirement that Genwal submit a plan for the exploration of the Blind Canyon Seam from the Hiawatha Seam workings, however, is still in effect, and Genwal needs to submit this plan for upward drilling once mining resumes in the Hiawatha Seam. Genwal's request that mining of the Blind Canyon Seam on the subject lease be terminated was approved by the BLM on February 17, 2006, and Genwal's current R2P2 modification submittal does not address possible future extraction in this seam. As indicated in the February 17, 2006 approval letter, the coal resource in this seam was determined to be uneconomic at that time due to erratic geology, poor floor and roof conditions, and poor coal quality; however, future recovery is subject to future evaluation.

Six months prior to resumption of mine production Genwal Resources Inc., shall confirm this mine plan has not changed or submit a revised plan for BLM approval. This confirmation or revised plan shall include an exploration plan for the upper Blind Canyon seam and an explanation of the factors to be used to determine if the Blind Canyon seam continues to be uneconomic. Further, the mine plan shall confirm the mining method(s) to be used, the timing for the mining, and the projected recoverable tons of coal to be recovered from the Hiawatha and Blind Canyon seams.

**Logical Mining Unit (LMU):** Until mining resumes in approximately 2010, continued operations (production) requirements for this lease will be satisfied by meeting the diligence requirement on the LMU, conditional on the both approval of the pending Genwal LMU application and on the receipt by the BLM of formal correspondence from Genwal requesting the addition of the South Crandall lease (UTU-78953) to the existing LMU application.

**Inspection:** The South Crandall Mine was last inspected on June 12, 2006 and on August 1, 2006, just prior to the removal of the longwall, as previously described.

**Maximum Economic Recovery (MER):** The approval of this R2P2 modification will enable Maximum Economic Recovery of the Federal coal to be achieved.

**Recoverable Reserve Base:** The updated recoverable coal reserve base for Federal coal lease UTU-78953 is reported in Enclosure 2 (Approved Recoverable Coal Reserve Base), and is the sum of production and the updated projections of recoverable coal tonnage from the Hiawatha Seam.

**National Environmental Policy Act (NEPA):** This approval of a minor modification to an approved R2P2 of an existing underground coal mine is Categorically Excluded from NEPA analysis, as explained in the Department Manual (5 DM Part 516 11.5 (F) (8)).

**Other Legal Compliances:** This modification to the R2P2 complies with the Mineral Leasing Act of 1920, as amended, the regulations at 43 CFR 3480, and the lease terms and conditions. If you have any questions, please contact Stephen Falk in the Price Field Office at (435)636-3605, or Jeff McKenzie of my staff at (801)539-4038.

Sincerely,

JAMES F KOHLER

James F. Kohler  
Chief, Solid Minerals Branch

Enclosures:

1) Approved Mine Timing Map

cc: UT-070, Price Field Office  
Utah Division of Oil Gas and Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah 84114-5801

Cr2P2-2007APR-newtiming approval JM-SA 9-12-07